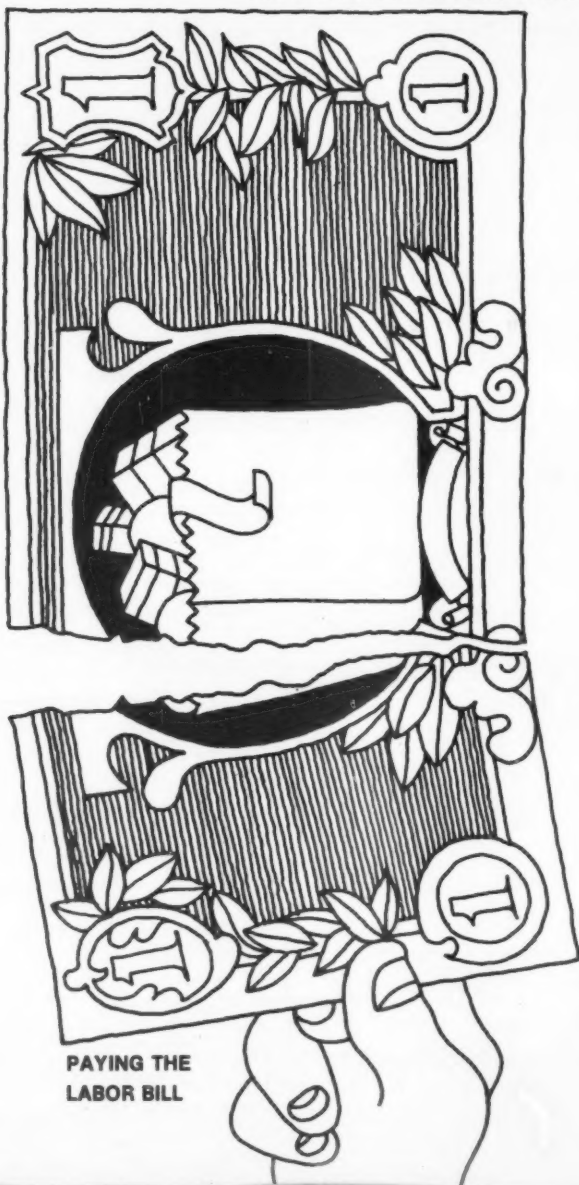


agricultural situation

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ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE
U.S. DEPARTMENT OF AGRICULTURE



PAYING THE
LABOR BILL

PAYING THE LABOR BILL

Payments to farmers for farm foods have increased *in some years* during the last decade. However, the cost of labor for marketing these foods has *steadily* increased.

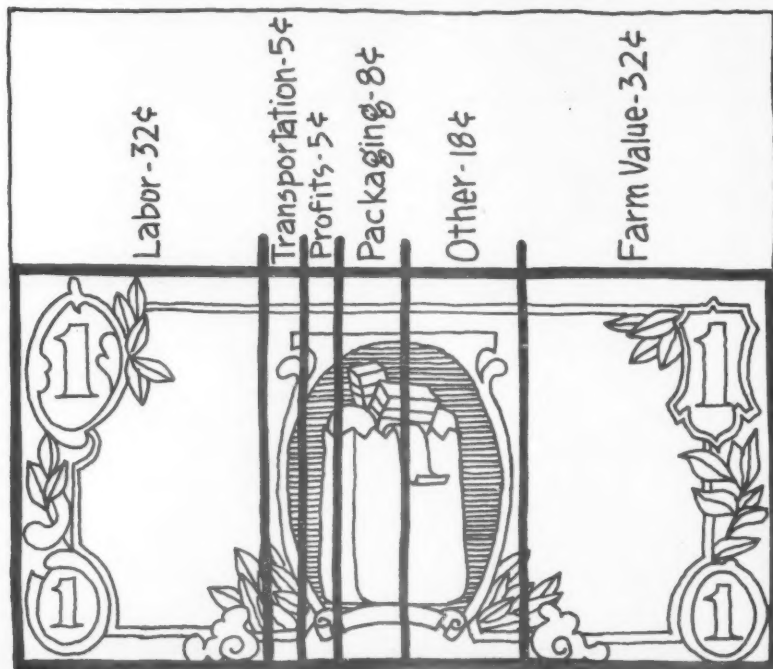
Meatcutters, wholesalers, food packers, clerks, cooks, and waiters—since 1973, labor costs have risen at an average annual rate of 10.2 percent. In 1979, the increase could reach 11 percent.

The direct labor required to process and distribute U.S. farm

foods today receives 32 cents of every dollar spent in food stores and restaurants.

Farmers receive about the same amount, and the rest pays for marketing costs other than labor, including packaging, transportation, energy, advertising, and corporate profits.

The rising cost of labor has been a major factor behind food price inflation in the seventies. Even in years when farm prices did not



increase, marketing costs—and labor, in particular—continued to push retail prices up.

What is behind the persistent rise in labor costs?

The key factor is labor productivity, which has not grown fast enough to offset sharp gains in wages. In addition to wages, worker benefits, the minimum wage, and total employment in the food industry have all increased in recent years.

Although hourly earnings of food marketing workers still average less than those of workers in other major nonfarm industries, they are rising at a faster pace.

Between 1973 and 1978, wages for employees in all segments of food marketing—including food manufacturing, wholesaling, and retailing—increased at an average annual rate of 8.4 percent. For employees in other industries, the rate of increase during this period was 7.6 percent.

One reason for this faster rise is the flexibility possible in pricing foods. Necessity, rather than affordability, determines the demand for food.

The food industry therefore can pass increased labor costs on to the consumer without suffering much reduced demand. As a result, food marketing firms probably are less resistant to wage demands from their employees.

In the last 5 years, retail food workers scored bigger gains in wages than any other group of food marketing employees. One reason for their larger rate of increase—9.2 percent—is the prevalence of cost-of-living adjustment (COLA) clauses in their union contracts.

COLA clauses cover 75 percent of union members in food retailing. By contrast, they cover only 36 percent of union members in food manufacturing.

Less than one-third of the work force in food retailing and manufacturing is unionized. Neverthe-

less, wage increases for union workers often spark similar increases throughout the food industry.

Paralleling the trend that has developed throughout U.S. industry, employee benefits in the food industry have been rising even faster than wages and salaries.

From 1967 to 1977, hourly benefits to employees in food, beverage, and tobacco manufacturing rose 154 percent; wages increased 93 percent. In 1967, benefits to these workers accounted for 24 percent of the total employee compensation. By 1977, this figure had reached nearly 30 percent.

Benefits to retailing and wholesaling employees have increased at an even faster rate, although they make up a smaller percentage of the total compensation. In 1977, benefits to these workers added 26 percent to the total labor cost.

Benefit costs have shot up across the board, but the largest increases have resulted from hikes in Social Security payroll taxes and from increased payments for pensions and insurance programs.

The rate of Social Security taxes paid by employers rose from 4.4 percent to 6.13 percent between 1967 and 1979, and the taxable wage limit increased from \$6,600 to \$22,900.

In addition, during this period employers picked up an ever larger tab for private pensions and insurance programs. In the food, beverage, and tobacco manufacturing industry, for example, payments for these programs increased 213 percent from 1967 to 1977.

Since 1973, the minimum wage has increased at an average annual rate of 10.4 percent. It rose from \$1.60 an hour in 1973 to \$2.90 in 1979.

Minimum wage boosts, however, have only a slight effect on total labor costs in food marketing. Employees in restaurants and other public eating places are affected the

most, although in 1978 only 18 percent of these employees received a pay increase to reach the new minimum.

Nevertheless, as the minimum wage goes up, employers are likely to raise the wages of other workers so that pay differentials among jobs are maintained.

In addition to higher wages and costlier benefits, increases in the work force and the total hours of work are partly responsible for advancing labor costs in the food industry.

In 1973, 5.6 million people were involved in marketing food products. By 1978, the industry had 1.3 million more employees. Employment during this period increased by 4.3 percent a year, nearly twice the rate of increase for the civilian work force as a whole.

Employment in food stores and eating places scored the biggest gains, reflecting the trend toward more eating out, Sunday openings, longer hours of operation, and growth of service-oriented establishments such as store bake shops and delicatessens.

From 1973 to 1978, employment at restaurants and other eating places increased by 7.2 percent a year. The number of hours worked increased by 3.5 percent, while the increase for the entire food industry averaged 1.8 percent. By 1978, employees of eating places represented nearly half of the total work force in food marketing.

If labor productivity had grown rapidly over the past decade, the increases in wage, benefits, and employment would not have figured so significantly in the retail price spiral.

However, productivity in the food industry, as in nearly all U.S. industries, has grown very slowly since the early 1970's. In food manufacturing, for example, productivity—the output per hour of labor input—increased only 1 percent a year between 1972 and 1977. Even worse,

productivity in retail food stores actually decreased 6 percent during this period.

Many factors are responsible for the slow rise in labor output during the seventies.

- Business has been reluctant to invest in new plants and equipment because of rising costs and lack of confidence in the economy.

- In addition, environmental and safety rules have directed capital away from labor-saving investments into less productive though perhaps more socially desirable uses.

- As energy costs rose rapidly during the seventies, some energy-intensive equipment became uneconomical or obsolete. As a result, labor began to be substituted for energy, reducing total output.

- Productivity at retail food outlets has plummeted because of steady increases in employment and hours of work that have not been offset by greater sales.

- And finally, work rules designed to protect jobs and maintain the number of hours worked have hindered the adoption of some labor-saving innovations.

Rising wages and benefits, more workers and longer hours, sluggish productivity—all these have contributed to the increased costs of direct labor in processing and distributing U.S. farm foods.

However, labor, and the marketing sector as a whole, can't always take the blame for mounting food prices. Last year, for example, higher farm commodity prices were largely responsible for rapid food price increases.

Nevertheless, the rising cost of labor has been a major factor in the food price inflation of the seventies. And this year will be no different. Labor costs may rise 11 percent—less than the expected increase in farm value but enough so that labor and other marketing costs will account for over half the rise in retail food prices.

PRODUCTION BUDGET TOPS \$100 BILLION

With the cost of everything rising sharply, it should come as no surprise that farmers had to lay out a great deal more in 1978 for production expenses.

Based on the annual Farm Production Expenditure Survey by USDA's Crop Reporting Board, total farm expenses last year amounted to \$114.2 billion. This was \$16.3 billion more than in 1977—almost a 17-percent jump. The average expenditure per farm came to \$48,273.

The increase in spending can be attributed mostly to higher prices for production items; however, increased purchases of some items also contributed.

As in 1976 and 1977, farmers spent more for feed than for any other category of items—\$16.5 billion. Although this was a \$2-billion increase from 1977, it was a slightly smaller bite of their total expenditures.

About \$4.2 billion of the feed expenditures were for grains, hays, and forages produced by other farmers, with most of the remainder for mixed or formula feeds. The average farmer paid \$6,977 for feed, compared with \$5,363 in 1977.

Farmers last year spent 33 percent more to purchase livestock and poultry than in 1977. This was a bigger leap than in any other category—though still not as large as the huge 42-percent increase in 1977.

The outlays for wages and contract labor reflected rising pay scales, showing an increase from 1977 of \$2.3 billion. Fuel and energy costs rose 14 percent. (Predictably, more than half of all energy costs went for gasoline and diesel fuel.)

In several categories—including farm services, building and fencing, and fertilizers, lime, and soil condi-

tioners—farmers had to spend only a little more than in 1977.

One of the bright spots in the picture was the fact that farmers had to shell out no more for real estate and other property taxes than in 1977 (\$3.5 billion). In fact, the percentage of total production expenditures required for taxes actually decreased by one-half of 1 percent.

Farmers with gross sales of at least \$100,000 accounted for only 15 percent of all farms, but spent more than \$71 billion. This was almost 63 percent of all farm expenditures—up from 52 percent in 1977.

Increased production expenditures aren't necessarily all bad. Some of these added expenses were voluntary, the result of the increased gross income available to farmers in 1978—almost a 16-percent jump from 1977. Farmers often take advantage of a good income year to expand their operations, repair farm facilities, and upgrade their equipment.

With continuing inflation and another rise expected in gross farm income for 1979, USDA is predicting another increase in expenses this year, mainly in the areas of fuel prices and interest.

The trends outlined here are the results of a survey of 4,700 farmers and ranchers conducted in February and March. These represent only about two-tenths of 1 percent of all farms, but the sample was carefully selected as an accurate profile of farming.

Individuals to be surveyed were chosen from a group of large, specialized farms and from randomly selected geographic areas. The second source ensured the representation of smaller farms (with at least \$1,000 in annual agricultural sales).

REGULATING GROWTH

"Plant growth regulation is one of the major bright lights for agriculture and plant science of the future."

According to Dr. R. Phillip Upchurch, head of the University of Arizona's department of plant science, plant growth regulators will play an increasingly important role in food production.

Plant growth regulators can be defined as organic compounds, natural or synthetic, that affect the physical behavior of plants. Research on these bioregulators concentrates on altering the life processes or structure of plants in some beneficial way, resulting in increased crop yields, improved quality and nutritional value, or easier harvesting.

Scientists have been experimenting with bioregulators for many years. They have found that plant growth regulators can, among other things, speed up root production; start or stop the blooming of flowers and buds; commence or prevent leaf and fruit droppage; control the size of plants and the products of plants; increase plant resistance to pests; and enhance plant resistance to such environmental hazards as low temperatures, drought conditions and air pollution.

Natural regulators or plant hormones are plant-produced growth regulators. There are four classes of hormones: auxins, gibberellins, cytokinins, and inhibitors. Auxins cause enlargement of plant cells.

Gibberellins stimulate cell division, cell enlargement, or both. Cytokinins also stimulate cell division. Inhibitors retard physical processes in plants.

Synthetic regulators are man-made chemicals that are applied to plants. Some prominent ones are maleic hydrazide, succinic acid, and naphthalene acetic.

The first important commercial application of plant growth regulators was in the 1940's when naphthalene acetic acid was used, as it still is, to prevent the preharvest drop of apples.

In the early 1950's, maleic hydrazide was first marketed to prevent the sprouting of onions in storage. Not long after, it also was used to prevent the sprouting of potatoes.

One of the more widely used plant growth regulators is succinic acid, commonly called Alar. It has been successful as a regulator of flowering and fruiting. Treated with Alar, trees bear fruit after only 4 years of growth instead of the usual 7 to 10.

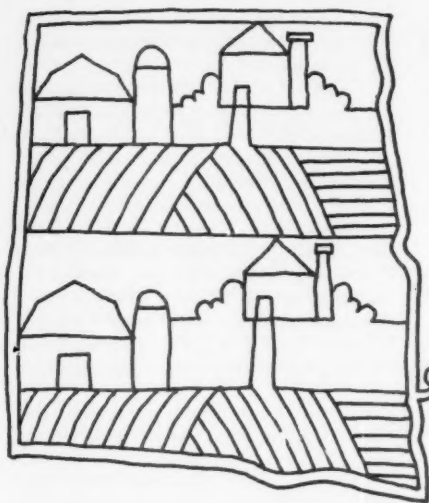
Alar promotes the ripening of grapes and accelerates by several days the maturing of cherries. It also is used on apples, prunes, tomatoes, and peanuts.

Alar and other substances that regulate crop maturity are especially likely to have a dramatic impact on agriculture in the future. Often these chemicals do not increase yields directly but prevent losses usually suffered when plants fail to reach maturity.

A major obstacle to the future of plant growth regulators are the necessary safeguards to ensure that new plant compounds do not harm humans or the environment. This is why USDA research concentrates on the use of natural sources rather than synthetic.

Even though plant growth regulators are used widely, they still are in the infancy stages.

Currently plant growth regulators account for only 5 to 10 percent of the total worldwide agrochemical market. However, enthusiasm for their use is increasing so much that they are regarded as one of the technologies expected to have a major impact on agriculture in the future.



REVIEWS FROM THE DAKOTAS

USDA's Crop Reporting Board is responsible for a program that's been performing for a national audience more than 100 years, generally under the attentive eyes of the press and public.

However, this long-running show hasn't been enough to make the Board a unanimous hit with one of its most important audiences—producers.

At least, that's the picture that emerges from an independent telephone survey of farmers and ranchers conducted last year for USDA in North and South Dakota. USDA commissioned the survey as part of its effort to better understand the main audience for its estimates and to improve the flow of production and marketing information to farmers.

Most of those interviewed by the National Opinion Research Center rated Crop Reporting Board information as useful in managing their operations. However, about half of all operators made at least one concrete suggestion for improvement.

Producers' attitudes toward the Board and its activities are always a paramount concern. Since the

monthly crop reporting program began in 1866, USDA has depended on the voluntary cooperation of farmers and ranchers across the country.

Along with agribusiness firms, they provide the needed data for the official statistics on crop acreages, yields, and stocks; livestock inventories; poultry and dairy output; farm prices and costs; farm labor; and other critical measures of the state of U.S. agriculture.

Despite some criticism of the Board in the Dakotas' survey, only about a tenth of those interviewed wanted to eliminate USDA surveys and reports. Half suggested some change in either the administration of the surveys, the kind of information collected, or the presentation of data in the reports. This included 24 percent who wanted improvements in accuracy and 6 percent who suggested that government reports should be distributed only to producers.

Perhaps more than anything else, the Dakotas' survey indicates that better efforts are needed to communicate how and why the Crop Reporting Board does its job.

Beyond this, the survey presents important evidence of farmers' information needs, attitudes toward USDA information programs, and reactions to crop and livestock surveys—all of which should help USDA and the Board design programs to better serve producers.

Here are some of the highlights:

RATING THE SOURCES

Of the 1,681 Dakota farmers and ranchers interviewed, almost all named at least one source of crop and livestock information which helped them make production or marketing decisions.

For 35 percent, the primary source was specialized farm magazines or newsletters. Twenty percent relied mainly on mass media, 16 percent on agricultural agents, and 13 percent on various USDA publications.

Six percent got most of their information from business contacts or friends.

Of those who depended heavily on non-USDA sources, most recognized that much of the information originates from USDA and its Crop Reporting Board.

For USDA crop and livestock reports, the majority said the information they received was "somewhat useful" to them in managing their operations, and about a tenth rated it "very useful." However, about one operator in three considered the information "not useful at all."

Those who relied primarily on USDA publications were most likely of all to report their information source as useful, followed by those who depended on agricultural agents or farm periodicals.

DAKOTA FARMERS' INFORMATION NEEDS

Information item	Somewhat or very useful	Not at all useful			
		Not needed	Not accurate	Too late	Other reasons
<i>Percent of respondents¹</i>					
Costs of production	75	18	6	-	1
Anticipated demand for crops	74	11	12	1	1
Prices received for livestock.....	68	22	6	1	2
Prices received for crops.....	66	17	13	1	2
Stocks of wheat, other grains, and oilseeds in storage	61	21	14	-	3
Weather influence on crop progress and forage conditions...	59	18	20	2	2
Forecasts of stock to be marketed	58	25	15	-	2
Farmer's planting intentions	55	28	14	1	3
End-of-season estimates of total crop output	55	21	19	1	4
Number of livestock sold for slaughter.....	53	34	10	1	2
Number of livestock on farms	50	28	20	-	2
Monthly forecasts of crops to be harvested	44	23	27	2	4

¹Percentages may not add exactly to 100 because of rounding.

In terms of specific types of information, they apparently saw little value in estimates of acreages to be planted or monthly forecasts of production. With some exceptions (for example, cost-of-production data received much attention), the closer the information was tied to the demand side, the more useful it was considered.

What farmers said they want is the potential market demand for their crops and the prices buyers will pay. Although the estimating program is not designed to provide this information, the statistics it provides are the foundation for USDA as well as most private evaluations of the total supply-demand balance which determines how the producer fares.

The Crop Reporting Board's parent agency—the Economics, Statistics, and Cooperatives Service (ESCS)—has a major role in analyzing the demand side, including export, domestic use, and farm price prospects.

Recommendations to aid farmers in making their production and marketing decisions flow back to them through hundreds of USDA and State statistical and economic reports, a special ESCS Farmers' Newsletter series, and a 24-hour-a-day toll-free telephone information service—also provided by ESCS—called Farmers Newslines.

Commercial news outlets, both print and broadcast, are quick to carry most estimates and related economic information. All official State crop and livestock estimates also come through USDA's Crop Reporting Board.

Each of the 44 State Statistical Offices, serving the 50 States, works under a cooperative arrangement with a State Department of Agriculture, land-grant university, or other local government unit. This assures an efficient and economical data collection and publishing system free from Federal-State duplication.

In the same way that analysts and policymakers at the Federal level depend on Crop Reporting Board statistics, State extension and university economists use the agricultural estimates as vital working tools to interpret and forecast the local farm situation and outlook.

WHO BENEFITS MOST?

Although the results indicate that most of those surveyed were aware that agricultural estimates serve the industry as a whole, it is also evident that there was wide agreement that not everyone benefited equally. In fact, four out of five Dakota farmers and ranchers apparently felt that other groups benefited more than farm operators.

When asked how use of crop and livestock reports by different groups affects farmers, Dakota producers tended to divide users into two distinct camps. Use of the data by groups who supplied farmers with necessary materials, services, or capital was largely perceived as beneficial.

On the other hand, use by groups on the demand side—commodity buyers, speculators, and consumers—was generally believed to work against producers' interests.

At least in part, these opinions may have reflected the assumption that—since others seemed to be benefiting at their expense on the agricultural marketplace—anything that contributed to the functioning of the marketplace also worked to their disadvantage.

Certainly in early 1978—the time of the survey—both farmers and ranchers could point to a marketplace that was providing low returns to producers and even driving some of their neighbors completely out of farming.

Although it's quite true that many groups with varied interests in agriculture do use crop and livestock statistics, the Crop Reporting Board has always considered farmers as the primary audience. They can, and

should, use the information in working out their planting, breeding, feeding, and marketing plans.

In addition, because no single group operates alone in agriculture, the estimates make a major contribution to the well-being of the total farm community by assisting those who work with producers.

For example, university and government economists use the information to point out supply and demand developments likely to affect farmers. Legislators and farm organizations use them in planning farm programs. Extension agents, private farm management consultants, and farm writers and broadcasters use them as a basis for advising farmers.

In addition, agricultural indus-

tries, farm supply and service companies, railroads and other transportation services, and bankers and credit associations use them to allocate resources for farmers.

REPORTS AND PRICES

Good news for producers or bad, the Board and its 44 field offices across the country are responsible for publishing their survey findings in hundreds of reports a year. Because of this, one criticism in the survey—about the adverse effect Board reports can have on farm prices—came as no surprise, even though independent studies have shown that prices rise about as often as they fall following crop and livestock reports.

USE OF CROP AND LIVESTOCK INFORMATION BY OTHER GROUPS

Group using crop and livestock information	Effect on farmers and ranchers			
	Helps	Hurts	Neither	Don't know
<i>Percent of respondents¹</i>				
Farm organizations and co-ops	73	15	8	5
Bankers	66	15	11	8
Universities.....	65	15	12	8
Elevator or storage operators.....	62	28	6	4
Railroads and truckers.....	60	19	13	8
Farm supply dealers.....	55	28	9	8
State and local governments.....	52	27	11	10
Foreign buyers of food.....	33	52	7	8
Stock buyers, slaughterhouses	25	60	7	8
Consumer groups	24	55	8	13
Federal Government	24	58	5	12
Grain buyers	21	63	7	9
Food processors	21	61	8	10
Speculators.....	15	74	5	7

¹For each group listed, percents are only of those respondents who had indicated that group as one which uses USDA crop and livestock information. Percents may not add exactly to 100 because of rounding.

Understandably, farmers can hardly be expected to welcome bad news. However, estimates only affect prices for a brief period after a report is issued. Beyond that, it's the actual supply entering domestic and foreign markets that influences prices. And it would be impossible to conceal an unusually large U.S. supply from buyers, who typically have their own sources of information.

At the same time, an early warning about a prospective short, or large, supply not only can help producers adjust their plans but also is essential for policymakers who must formulate farm programs and for suppliers who provide products and services to producers.

It is equally important to note that, no matter what the news, the surveys and reports do help reduce uncertainty in the markets. This makes farm product markets less vulnerable to manipulation by special interests and creates a more orderly balance between the production, supply, and marketing segments in the agricultural chain.

Without the Board, crop and livestock statistics would still be developed by private firms but might only be available to benefit them and limited groups of clients seeking financial advantage in commodity markets. Board procedures ensure that survey information becomes freely available for everyone at the same time.

AN EYE ON ACCURACY

The survey revealed some skepticism about the accuracy of USDA information. Although more than one-fifth of the farmers said the results of crop and livestock surveys could be trusted most of the time, about three-fifths said they could be trusted only some of the time. The remaining 18 percent believed that survey results were hardly ever correct.

How does the Crop Reporting Board measure up on accuracy?

Much better than some producers apparently believe, and improving all the time. Using corn as an example, in the 1950's early-season production forecasts were within 7 percent of the final harvest. Now they're within about 3 percent.

Just as important, the USDA forecasts generally miss on the low side as often as on the high side. Over a recent 10-year period, the August 1 corn forecast was below the final figure 5 times and above it 5 times.

One safeguard is check data which serves to verify the authenticity of survey information. Examples are livestock slaughter rates, commercial storage statistics, cotton ginnings, and milling and crushing activity.

SUPER SECURITY

Perhaps, some of the lack of confidence in the Board that was expressed in the Dakotas' survey may reflect the suspicion that some groups may have first access to the Statistics or that political or other outside interests have an opportunity to tamper with the numbers before they're released.

It is difficult to believe that anyone could observe Board procedures and still remain skeptical. The well-known lockup is just a part of the security arrangements that apply for all surveys and reports on speculative commodities traded on futures markets—corn, wheat, cotton, soybeans, oranges, potatoes, cattle, and hogs.

Tabulated survey data from the field offices go through the mails in distinctive envelopes and receive special handling. When they arrive in Washington, they go into a steel box secured with two separate locks.

One key is retained by the Office of the Secretary of Agriculture and the other is in the custody of the Chairman of the Crop Reporting Board. On the day of the report, the data is removed from the box by both parties under armed guard.

No one has access to the survey

data for the major producing States before the lockup begins—not even the Secretary of Agriculture.

In lockup, where the report is prepared, doors are locked, window blinds closed and sealed, and telephones disconnected. The computer system is secured against tampering, and the area is patrolled by armed guards. No one may enter without a pass, and no one—no one at all—may leave the lockup before the report is released at 3 p.m.

After the report is assembled, it is signed by all members of the Board. Shortly before the release time, the Secretary of Agriculture or his representative enters the lockup to hear a briefing on the estimates and sign the report. Like everyone else, he leaves only when the report is released to the waiting public and press.

Frequently, farmers and representatives from their organizations are invited into the lockup to see firsthand the procedures and to observe the briefing and signing.

Secure as they are, these physical arrangements are not the only safeguards. All members of the Crop Reporting Board and its field staffs are career employees, thus insulated from political pressures. The chairman and secretary are permanent members based in Washington, but

the other members change with each report, with at least two members from field offices.

Board members—as well as other ESCS employees—are subject to a \$10,000 fine and 10 years in prison for speculating on agricultural commodity markets or disclosing any data or crop information before official release. Issuing false information can result in a \$5,000 fine and a 5-year prison term.

KEEPING A CONFIDENCE

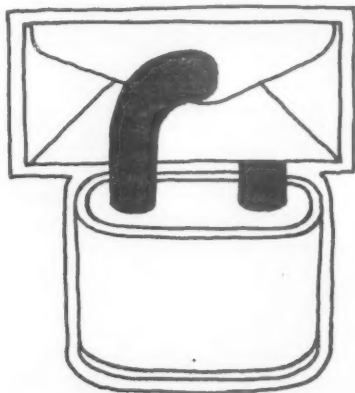
Another concern related to security that farmers have about crop and livestock surveys is confidentiality. In fact, sizable numbers of Dakota farmers said they believed other Government agencies, and even private companies, could obtain access to individual responses.

Although farmers are assured that their responses will be held strictly confidential when they participate in surveys, they may not be aware of how seriously this guarantee is taken by USDA. In fact, the individual responses never even leave the State offices and are used only to develop summaries for review by the Board.

Under no circumstances can private companies or other Government agencies obtain individual survey responses, nor are they available for tax or other investigations by local or Federal authorities.

The Crop Reporting Board does maintain the highest standards of accuracy, security, and confidentiality, and its surveys and reports are critically important to the agricultural sector—but apparently it hasn't "sold" producers in the Dakotas.

With the help of the Dakotas' survey, the Crop Reporting Board can do a better job of communicating and planning its programs with more attention to the needs and concerns of its most important client—the farmer.



Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS

PUBLIC MEETINGS ON 'STRUCTURE DIALOGUE'. . . Secretary of Agriculture Bob Bergland, along with other top USDA officials, will attend 10 public meetings across the country later this year to hear from farmers, ranchers and others with a stake in agriculture. The purpose: to obtain comments and suggestions on the economic and social issues affecting the structure of American agriculture and rural life. The meetings are a part of the "national dialogue on agricultural structure" announced by Secretary Bergland in March. Here's the schedule: Montpelier, Vt., Nov. 27; Fayetteville, N.C., Nov. 28; Huntsville, Ala., Nov. 29; Sioux City, Iowa, Dec. 4; Sedalia, Mo., Dec. 5; Wichita Falls, Texas, Dec. 6; Boulder, Colo., Dec. 11; Spokane, Wash., Dec. 12; Fresno, Calif., Dec. 13; and Lafayette, Ind., Dec. 18. For further details—or to submit comments for those who cannot attend any of the meetings—write: Project Coordinator, Structure of Agriculture, USDA, Washington, D.C. 20250.

CATTLE COUNT. . . Cattle and calves in the U.S. on July 1 numbered an estimated 118.5 million head, according to the July 1 inventory of USDA's Crop Reporting Board. The count was 3 percent lower than on July 1, 1978, and 9 percent below 2 years ago. Also, the 1979 calf crop is expected to be down 1 percent from last year to 43.5 million head. This was the fourth consecutive year of herd reduction and will be the fifth straight year for a decline in the calf crop. On the up side, however, were beef replacement heifers—up 8 percent from 1978—and milk replacement heifers—up 4 percent.

LATEST ON LAND VALUES. . . Prices of U.S. farmland rose an average 14 percent during the year which ended last February. The year before, farmland prices rose only 9 percent. When the higher prices are combined with the slight increase in farm size, the average value per operating unit increased 16 percent to \$251,000. On a per acre basis, the national average value was \$559, with State averages ranging from \$100 an acre in New Mexico to \$2,222 in New Jersey. States with the largest increases—20 percent or more—in farmland prices during the year included Nebraska, Arkansas, Colorado, Ohio, and California.

NO 1980 WHEAT SET-ASIDE. . . Secretary of Agriculture Bob Bergland announced on August 1 that there will be no need for a wheat set-aside next year. All wheat producers will be eligible for loans, the farmer-owned reserve, and target price protection. The national average loan price will rise from \$2.35 a bushel to \$2.50. The minimum release price for the farmer-owned reserve during the 1980 crop year will be \$3.50 a bushel and the "call" price not less than \$4.38. These changes mean producers will receive a higher level of price protection and market stability through the reserve. Bergland also announced that administrative or legislative steps may be taken to discourage planting wheat on fragile land.

NEW REASONS FOR CROP ROTATION. . . Rising fuel costs and other farm expenses may help make crop rotation popular again, according to USDA's Soil Conservation Service. Crop rotation acreage declined some 40 percent in the last decade as cheap plentiful fuel and fertilizers allowed many farmers to switch to planting cash crops year after year. Planting grasses, legumes, or small grains in rotation with row crops can cut nitrogen application, mean fewer tractor runs over the field, and improve soil tilth and water absorption. This could mean lower fertilizer and fuel bills, less fertilizer and pesticide runoff into streams, and—over the long run—higher crop yields.

SUGAR SUPPORT. . . Domestic sugar producers will receive Federal price support of 13 cents a pound for 1979-crop raw cane sugar and 15.15 cents a pound for refined beet sugar under interim program regulations announced by USDA. These loan levels will provide average minimum support prices to farmers of \$17 per net ton of average quality sugarcane and \$22.46 per net ton of average quality sugarbeets. These loan levels will remain in effect until enactment of new legislation establishing a higher market price objective and loan levels.

PLANT PEST SURVEY. . . A comprehensive survey is underway to detect foreign plant pests and to monitor the level of significant domestic pests of selected crops in Georgia and Alabama. Plant protection officers from USDA's Animal and Plant Health Inspection Service are making weekly surveys of pest and disease conditions. Major domestic pests being monitored include the fall armyworm, velvet bean caterpillar, soybean looper, southern corn leaf blight, and various pests of small grains. Results are reported to farmers, Extension agents, pesticide applicators, and others concerned with crop and pest conditions. Evaluation of the survey could aid in the development of a nationwide pest survey system.

Statistical Barometer

Item	1977	1978	1979—latest available data
Cattle Inventory (mil. head), July 1:			
Cattle and calves	130.2	121.7	118.5 July
Cows and heifers that have calved	52.2	48.5	47.7 July
Beef cows	41.2	37.7	37.0 July
Milk cows	11.0	10.8	10.7 July
Heifers 500 pounds and over	18.4	18.1	17.6 July
For beef cow replacement	5.8	5.4	5.8 July
For milk cow replacement	4.0	4.0	4.1 July
Other heifers	8.5	8.8	7.8 July
Steers 500 pounds and over	18.7	17.9	16.9 July
Bulls 500 pounds and over	2.7	2.5	2.5 July
Heifers, steers, and bulls under 500 pounds	38.3	34.8	33.8 July
Calf crop ¹	46.1	43.8	43.5 July
Agricultural prices:			
Prices received (1967=100)			
All farm products	183	210	246 July
All crop	192	204	243 July
Food grains	156	191	253 July
Feed grains and hay	181	184	234 July
Cotton	270	245	266 July
Tobacco	175	191	199 July
Oil-bearing crops	243	226	265 July
All fruit	163	227	273 July
All commercial vegetables	176	189	181 July
Livestock and products	175	217	250 July
Meat animals	168	226	273 July
Dairy products	193	210	230 July
Poultry and eggs	174	185	181 July
Prices paid (1967=100)			
Commodities and services, interest, taxes, and wage rates	202	219	251 July

¹For 1979, the number of calves born before July 1 plus the number expected to be born on and after July 1.

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